DAIDO GROUP LIMITED
大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

ANNUAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008

The board of directors (the "Board") of Daido Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2008, together with the comparative figures for the corresponding period in 2007 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2008

	NOTES	**2008** *HK$'000*	2007 *HK$'000*
Revenue	*2*	**169,292**	154,444
Direct costs		**(149,670)**	(132,392)
Gross profit		**19,622**	22,052
Other income	*3*	**15,802**	17,545
Selling and distribution expenses		**(3,629)**	(3,597)
Administrative expenses		**(20,534)**	(22,413)
Impairment loss on goodwill		**(3,200)**	(3,200)
Impairment loss on available-for-sale investments	*4*	**(48,600)**	(11,600)
Change in fair value of investment properties		**(2,500)**	1,000
Fair value adjustment on loans to an investee	*5*	**(61,058)**	(7,521)
Finance costs	*6*	**(6,061)**	(9,109)
Loss before tax		**(110,158)**	(16,843)
Tax credit (charge)	*7*	**332**	(73)
Loss for the year	*8*	**(109,826)**	(16,916)
Dividend	*9*	**–**	–
Loss per share – basic	*10*	**HK(2.63) cent**	HK(0.45) cent

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER, 2008

	NOTES	**2008** *HK$'000*	2007 *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**15,500**	18,000
Property, plant and equipment		**25,706**	19,682
Goodwill		**8,513**	11,713
Interest in an associate		**–**	–
Available-for-sale investments		**88,920**	137,520
Loans to an investee		**53,866**	106,150
Prepayment for acquisition of property, plant and equipment		**1,428**	–
Rental deposits paid		**16,352**	14,218
Pledged bank deposits		**68,906**	60,375
		279,191	367,658
CURRENT ASSETS			
Inventories		**53**	93
Trade and other receivables	*11*	**34,974**	34,815
Tax recoverable		**217**	607
Bank balances and cash		**109,008**	134,010
		144,252	169,525
CURRENT LIABILITIES			
Trade and other payables	*12*	**13,120**	14,686
Obligations under a finance lease		**88**	143
Promissory notes		**4,762**	4,762
		17,970	19,591
NET CURRENT ASSETS		**126,282**	149,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**405,473**	517,592
CAPITAL AND RESERVES			
Share capital		**41,680**	41,680
Reserves		**292,467**	402,293
Equity attributable to equity holders of the Company		**334,147**	443,973
Minority interest		**2**	2
		334,149	443,975
NON-CURRENT LIABILITIES			
Obligations under a finance lease		**–**	88
Amount due to a minority shareholder of a subsidiary		**25,805**	26,536
Convertible bonds		**19,631**	18,097
Promissory notes		**25,252**	27,928
Deferred tax liabilities		**636**	968
		71,324	73,617
		405,473	517,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2008

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, the following amendments and new interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvement to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

2 Effective for annual periods beginning on or after 1st January, 2009

3 Effective for annual periods beginning on or after 1st July, 2009

4 Effective for annual periods ending on or after 30th June, 2009

5 Effective for annual periods ending on or after 1st July, 2008

6 Effective for annual periods beginning on or after 1st October, 2008

7 Effective for transfers on or after 1st July, 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments and interpretations will not have material impact on the results and the financial position of the Group.

2. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Cold storage services	**124,250**	106,721
Logistics services income	**41,323**	44,454
Manufacturing and trading of ice	**3,719**	3,269
	169,292	154,444

Business segments

For management purposes, the Group is currently organised into three operating divisions – cold storage and logistics services, manufacturing and trading of ice and property investment.

Segment information about these businesses is presented below as primary segment information.

2008

	Cold storage and logistics services	**Manufacturing and trading of ice**	**Property investment**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE	**165,573**	**3,719**	**-**	**169,292**
SEGMENT RESULT	**3,760**	**(2,331)**	**(3,037)**	**(1,608)**
Unallocated income				**15,269**
Unallocated expenses				**(8,100)**
Impairment loss on available-for-sale investments				**(48,600)**
Fair value adjustment on loans to an investee				**(61,058)**
Finance costs				**(6,061)**
Loss before tax				**(110,158)**
Tax credit				**332**
Loss for the year				**(109,826)**

BALANCE SHEET

	Cold storage and logistics services *HK$'000*	Manufacturing and trading of ice *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	**84,005**	**1,198**	**15,611**	**100,814**
Unallocated corporate assets				**322,629**
Consolidated total assets				**423,443**
LIABILITIES				
Segment liabilities	**12,245**	**-**	**12**	**12,257**
Unallocated corporate liabilities				**77,037**
Consolidated total liabilities				**89,294**

OTHER INFORMATION

	Cold storage and logistics services *HK$'000*	Manufacturing and trading of ice *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Allowance for trade receivables	**493**	**–**	**–**	**–**	**493**
Impairment loss on goodwill	**3,200**	**–**	**–**	**–**	**3,200**
Impairment loss on available-for-sale investments	**–**	**–**	**–**	**48,600**	**48,600**
Capital expenditure	**14,103**	**107**	**–**	**14**	**14,224**
Depreciation	**6,146**	**396**	**–**	**211**	**6,753**
Change in fair value of investment properties	**–**	**–**	**2,500**	**–**	**2,500**

2007

	Cold storage and logistics services *HK$'000*	Manufacturing and trading of ice *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
REVENUE	151,175	3,269	–	154,444
SEGMENT RESULT	6,478	(2,648)	476	4,306
Unallocated income				16,924
Unallocated expenses				(9,843)
Impairment loss on available-for-sale investments				(11,600)
Fair value adjustment on loans to an investee				(7,521)
Finance costs				(9,109)
Loss before tax				(16,843)
Tax charge				(73)
Loss for the year				(16,916)

BALANCE SHEET

	Cold storage and logistics services *HK$'000*	Manufacturing and trading of ice *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	77,479	1,426	18,111	97,016
Unallocated corporate assets				440,167
Consolidated total assets				537,183
LIABILITIES				
Segment liabilities	12,708	–	12	12,720
Unallocated corporate liabilities				80,488
Consolidated total liabilities				93,208

OTHER INFORMATION

	Cold storage and logistics services ***HK$'000***	**Manufacturing and trading of ice** ***HK$'000***	**Property investment** ***HK$'000***	**Unallocated** ***HK$'000***	**Consolidated** ***HK$'000***
Allowance for trade receivables	118	–	–	–	118
Impairment loss on goodwill	3,200	–	–	–	3,200
Impairment loss on available-for-sale investments	–	–	–	11,600	11,600
Capital expenditure	4,506	7	–	133	4,646
Depreciation	5,879	428	–	243	6,550

Geographical segments

The activities of the Group are mainly based in Hong Kong and over 90% of the Group's revenue are derived from customers located in Hong Kong.

Over 90% of the segment assets of the Group are located in Hong Kong and all the additions to property, plant and equipment during the year are located in Hong Kong.

3. OTHER INCOME

	2008 ***HK$'000***	2007 *HK$'000*
Bank interest income	**3,571**	6,792
Imputed interest income from loans to an investee	**8,774**	9,192
Gain on disposal of property, plant and equipment	**134**	-
Fair value adjustment on amount due to a minority shareholder of a subsidiary	**2,924**	940
Sundry income	**399**	621
	15,802	17,545

4. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

The amount of the impairment loss is measured as the difference between the carrying amount of the available-for-sale investments and (i) the Group's share of the fair value of the investee's interest in the investment properties, that is a hotel resort complex in Macau which consists of four buildings including a hotel building, casino building, leisure building and a car parking building and; (ii) the Group's share of the present value of the expected net future cash flows generated from the hotel and spa operations. Due to the keen competition for hotel and spa operations in Macau foreseen by the Group and the adverse impact arisen from the global financial crisis, the Group has also revised its cash flow projections of hotel and spa operations. The carrying amount of available-for-sale investments has therefore been reduced to its recoverable amount through the recognition of the impairment loss.

5. FAIR VALUE ADJUSTMENT ON LOANS TO AN INVESTEE

At 31st December, 2008, the Group re-assessed the future repayment schedule of the outstanding loans and considered the repayment of the loans will commence from 2016 onwards after taking into account the financial ability of the investees and the project development plan. Accordingly, the outstanding balance of the loans is discounted to its fair value of HK$53,866,000 in three yearly installments commencing from 2016 using the original effective interest rate of 8.5%. A fair value adjustment of HK$61,058,000 has been charged to the consolidated income statement.

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on obligations under a finance lease	**10**	18
Imputed interest expense on amount due to a minority shareholder of a subsidiary	**2,193**	2,612
Imputed interest expense on convertible bonds	**1,534**	3,971
Imputed interest expense on promissory notes	**2,324**	2,508
	6,061	9,109

7. TAX (CREDIT) CHARGE

	2008	2007
	HK$'000	*HK$'000*
The tax (credit) charge comprises:		
Hong Kong Profits Tax	**–**	378
Deferred tax		
Current year	**(277)**	(305)
Attributable to change in tax rate	**(55)**	–
Tax (credit) charge	**(332)**	73

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008/2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the year.

The tax (credit) charge for the year can be reconciled to the loss before tax per the consolidated income statement as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss before tax	**(110,158)**	(16,843)
Tax at the Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	**(18,176)**	(2,948)
Tax effect of expenses not deductible for tax purpose	**19,671**	5,783
Tax effect of income not taxable for tax purpose	**(2,520)**	(2,797)
Tax effect of tax losses not recognised	**390**	283
Tax effect of change in tax rate	**(55)**	–
Tax effect on temporary differences not recognised	**29**	–
Tax effect of utilisation of tax loss not previously recognised	**–**	(299)
Others	**329**	51
Tax (credit) charge for the year	**(332)**	73

8. LOSS FOR THE YEAR

	2008	2007
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Allowance for trade receivables	**493**	118
Cost of inventories sold	**40**	62
Depreciation for property, plant and equipment		
Owned assets	**6,645**	6,442
Assets held under finance leases	**108**	108
Loss on disposal of property, plant and equipment	**–**	91

9. DIVIDEND

No interim dividend is paid during the year (2007: nil).

The directors do not recommend the payment of a dividend for the year (2007: nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the purposes of basic loss per share	**(109,826)**	(16,916)

	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,168,000**	3,790,071

The effect of convertible bonds is excluded from the calculation of diluted loss per share for both years since the effect will be anti-dilutive.

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (net of allowances) of HK$31,359,000 (2007: HK$31,237,000) with an aged analysis by invoice dates as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**13,623**	14,313
31 – 60 days	**10,956**	11,189
61 – 90 days	**4,833**	5,358
91 – 120 days	**1,402**	203
More than 120 days	**545**	174
	31,359	31,237

Except for certain customers who are allowed 30 to 60 days credit period, no credit period is allowed by the Group in respect of provision of cold storage and logistics services, and manufacturing and trading of ice. No interest is charged on any outstanding trade receivables.

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$5,318,000 (2007: HK$5,254,000) with an aged analysis as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**3,288**	3,278
31 – 60 days	**1,645**	1,337
61 – 90 days	**383**	638
91 – 120 days	**2**	1
	5,318	5,254

No credit period is generally allowed by creditors and no interest is charged on trade creditors.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

For the financial year ended 31st December, 2008, total turnover of the Group amounted to approximately HK$169 million, up 9.7% when compared to the previous financial year of approximately HK$154 million. Loss attributable to equity holders of the Group was approximately HK$110 million, against a loss of approximately HK$17 million in the previous year. The loss was mainly attributable to the impairment loss on the available-for-sales investments of approximately HK$49 million and fair value adjustment on loans to an investee of approximately HK$61 million. Loss per share was HK2.63 cent, against loss per share of HK0.45 cent in 2007.

The Group continues to run three business segments, namely (i) Cold Storage and Logistics Services, (ii) Manufacturing and Trading of Ice, and (iii) Property and Hotel Investment.

BUSINESS REVIEW

Cold Storage and Logistics Services

In the financial year 2008, the Cold Storage and Logistics Services segment reported a healthy annual growth of 9.5% in turnover to HK$166 million, accounting for 98% of the Group's total revenue.

The segment profit however decreased by 42% mainly due to the increase in rent paid to the landlords of the two cold storage warehouses commencing from mid February 2008. Thanks to a satisfactory occupancy rate for its freezer storages, the cold storage business was able to withstand the negative impact of the economic downturn.

The Group's logistics business in Hong Kong and Mainland China ran smoothly during 2008 despite the onslaught of the global financial tsunami. The Group will continue to strive hard to materialize its aim to gain a larger market share in the logistics sector in Hong Kong.

The Group offered other value-added services rather than resort to price cuts to retain existing clients and to win new clients amidst fierce competition in the sector, which has been aggravated by the current downturn in Hong Kong's economy and a slowdown in the mainland economy. The management also reinforced its sales and marketing activities as another effort to expand the Group's client base.

The Group has ceased its repacking service business in the mainland beginning 2009 as the operation involves long payment terms and high default risk associated with accounts receivables.

Manufacturing and Trading of Ice

The Ice Manufacturing and Trading business continued to contribute steadily to the Group's revenue during the reporting period. The segment accounted for approximately 2% of the total revenue of the Group both in 2007 and 2008.

The Group produces ice bars and ice cubes for construction and consumption purposes respectively on a small-scale and cost-efficient basis.

Property and Hotel Investment

The Group currently owns an effective interest of 6% in the hotel resort complex in Macau and an effective interest of 12% in the operation of the hotel and spa business of the hotel resort complex.

During the period under review, the hotel and resorts business in Macau in general faced some headwinds as the global economic downturn and the tightening of travel restrictions by the central government on mainland visitors caused a slump in Macau's tourism.

Statistic data from the Statistics and Census Services of Macau showed that visitor arrivals in 2008 totaled 22,907,724, a decrease of 15% year-on-year, against a 23% rise in 2007. Visitors from Mainland China stood at 11,595,130, a decline of 22% over 2007, against a rise of 24% in 2007.

An oversupply of hotels and resorts in Macau, partly due to casino operators scrambling to open more casinos and casino resorts in hopes for gaining larger market shares, also added to the woes.

As a result, the operating results of the Group's hotel and spa operation remained in the red during the period under review.

The Group recognized an impairment loss of approximately HK$49 million for its hotel investment in the consolidated income statement for the financial year 2008 due to the above-mentioned factors and a slump in Macau's economy following the onslaught of the global financial tsunami. The Group also re-assessed the future repayment schedule of the outstanding loan to the hotel investment project and adjusted the fair value of such loan to approximately HK$54 million by recognized in the consolidated income statement fair value adjustment of approximately HK$61 million.

PLEDGE OF ASSETS

As at 31st December, 2008, banking facilities to the extent of HK$3.3 million of the Group were secured by the pledge of bank deposits amounting to HK$3.5 million.

As at 31st December, 2008, bank deposits of approximately HK$65 million (31st December, 2007: approximately HK$57 million) are pledged to a bank which provides bank guarantee in favor of two landlords for a sum equivalent to 12 months rent payable by the Group under tenancy agreements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2008, the Group had cash and bank balances of approximately HK$109 million (31st December, 2007: approximately HK$134 million). The decrease was mainly due to purchase of property, plant and equipment of HK$13 million, increase in pledged bank deposits of HK$8 million and repayment of promissory notes of HK$5 million. The gearing ratio, measured as non-current borrowings over shareholder's equity was 21% as at 31st December, 2008 (31st December, 2007: 17%).

Monetary assets and liabilities of the Group are principally denominated in Hong Kong dollars. The directors consider the Group's exposure to exchange rate risks to be low. During the year, the Group's capital expenditure was financed by internal cash generation.

SHARE CAPITAL STRUCTURE

During the year, the total issued share capital of the Group was HK$41,680,000 divided into 4,168,000,000 ordinary shares with a par value of HK$0.01 each, which is the same as those as at 31st December, 2007.

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2008, the Group employed a total of 266 employees in Hong Kong (31st December, 2007: 268). Remuneration is reviewed annually and in addition to the basic salaries, the Group also provides various staff benefits including discretionary bonuses, Mandatory Provident Fund and professional tuition/training subsidiaries for employees' benefit.

PROSPECTS

Looking ahead, the Group sees challenges for its businesses in the short term as the negative impacts of the global financial tsunami that hit the world in the second half of 2008 continue to feed through the real economy, triggering a global economic downturn that is pushing up unemployment rates and weakening consumer confidence globally and locally.

However, the management remains confident that the Group's operations will continue to grow steadily and thrive in the medium to long term as economies gradually recover and rejuvenate after the positive effects of bailout packages implemented by governments around the world.

Cold Storage and Logistics Services

Demand for cold storage is normally affected by consumers' demand for frozen and fresh food, as well as price expectation. Food importers and suppliers may cut back their imports in the short term as the economic downturn weighs on consumer sentiment while food prices are unlikely to surge again in the near future as they did in 2007 and early 2008.

Easing expectation for food-price hikes will weaken food importers' appetite to stock up inventory to take advantage of potential price hikes. Lower food inventory may, in turn, affect the Group's revenue from the cold storage business. Latest statistics data from the Census and Statistics Department of Hong Kong indicated that the underlying inflation rate continued to ease in recent months from 4.6% in December 2008 to 4.5% in January 2009 and is expected to come down over the course of 2009 as the impact of the global synchronized downturn continues to play out and weigh on local economic activity.

However, the ever-increasing population of Hong Kong will ensure steady growth in local food consumption in the medium to long term, and therefore, bode well for the Group's cold storage and logistics business, more than offsetting the short-term effect of easing inflation pressure.

In view of the strong demand for freezer storage and the wider profit margins it enjoys, the Group has completed the conversion of some of its non-freezer compartments to freezer compartments in early 2009.

Meanwhile, the logistics operation shall also benefit from declining energy prices. International crude oil prices have plunged from a peak of around 140 US dollars per barrel in early 2008 to about 40 US dollars per barrel currently. The management will continue to streamline its logistic business operation to save costs and provide more efficient services to clients.

Manufacturing and Trading of Ice

Stable revenue growth is expected for the Ice Manufacturing and Trading Segment in the coming years as the Hong Kong government starts to implement various infrastructure projects from 2009 in its moves to revitalize the local economy and to fight rising unemployment, boosting the demand for industrial ice.

Some of the big projects that are likely to kick start soon include the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the South Island Line and the Sha Tin-Central Link of MTR Corporation, the Kai Tak Development project, the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link. Another mega project in the pipeline is the Hong Kong-Zhuhai-Macau Bridge, the construction work of which is scheduled to commence by 2010 and completed by 2016.

Hotel Investment

The Group considers its hotel investment in Macau as a long-term investment. In recent period, the equity interest of the investment holding company holding the investment property and a hotel resort complex operation in Macau is in the process of restructuring. Upon the completion of such restructuring, our effective interest in the hotel resort complex in Macau will remain unchanged at 6% and our effective interest in the hotel resort complex operation will be diluted from 12% to 6%.

On the other hand, the tourism industry in Macau shall be able to shake off the headwinds it current faces as the global economy will ultimately recover as it always did in past cycles, particularly after coordinated bailout efforts by governments around the world and by the Macau government in particular.

The Macau government’s moves to tighten regulations on the construction of new casinos will likely restrain the casino construction boom, hopefully helping ease the glut in casinos and hotel rooms in the Special Administrative Region.

Meanwhile, travel restrictions implemented by the central government on mainland visitors could be eased as Beijing mulls more support measures for Macau and Hong Kong to help the two Special Administrative Regions resist the economic downturn.

With the medium- to long-term prospect of Macau’s tourism industry remaining bright, the Group is of the opinion that its hotel investment will create value to shareholders in the long run.

The management will unremittingly take different measures to strengthen its main operations, and explore any and all potential business opportunities to maximize shareholders’ value.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31st December, 2008 (2007: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2008.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Board and senior management are committed to maintain a high standard of corporate governance aiming at improving transparency, independence, accountability, responsibility and fairness of the Group. The Company has applied and complied the principles of the code provision under the Code on Corporate Governance Practices (the "CG Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31st December, 2008, except for the deviation as stated below.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the period, the Chairman and Chief Executive Officer of the Company are currently performed by Mr. Fung Wa Ko. Taking to account Mr. Fung has strong expertise and excellent insight of the business development, corporate management and budget control, this structure will lead to more effective implementation of the overall strategy and ensure smooth operation of the Company. The Board believed that this structure will not impair the balance of power and authority between the Board and the management of the business of the Company as the structure of the Company has strong independent non-executive directors' element on the Board.

In order to maintain the high quality of the corporate governance and comply with the CG Code requirement, the Board and Nomination Committee will regularly review the need of appointment of different individuals to perform the roles of Chairman and Chief Executive Officer separately.

Besides, the Board introduces the Internal Control Action Plan since 2006 in order to systematically review the work procedures in different departments and develop a comprehensive system to facilitate the internal control of the Group.

During the year, the Company has carried out the review of petty cash handling, ice production & selling and administration process of other departments, such as manufacturing and trading of ice department, accounting department, cargo department, human resources and administrative department and information technology department. The Company has implemented detail test in those departments to examine the control effectiveness which included a review on the efficiency of the operation, safeguard of the Group's assets and efficiency of utilization of the resources in the Group.

All the internal control review findings have been reported to the Board and the Audit Committee. Through the review, a number of control weaknesses principally in safeguarding the Group's assets were identified. The Board and the Audit Committee considered that no significant deficiency which may affect Shareholders was found and considered that the internal control system is effective and adequate. Accordingly, all recommendations of those control weaknesses will be properly followed up to ensure that they are implemented within a reasonable period of time.

Model Code for Securities Transactions by Directors

The Company has adopted a written securities dealing policy which contains a set of code of conduct regarding securities transactions by directors, the terms of which are on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules (the "Securities Dealing Policy"). The Company has revised the Security Dealing Policy in order to comply with the amendment of the Model Code with effect from 1st January, 2009 (including further minor amendment with effect from 1st April, 2009), the revised Security Dealing Policy was amended accordingly and was ratified by the Board on 12th February, 2009 and 8th April, 2009 respectively.

Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Securities Dealing Policy during the year under review.

Audit Committee

The Audit Committee comprises all of the three Independent Non-executive Directors, namely Mr. Leung Chi Hung, Mr. Leung, Tsz Fung David Ferreira and Mr. Tse Yuen Ming.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year, including the accounting principles and practice adopted by the Group, and discussed matters relating to auditing, internal controls and financial reporting.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2008 have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/daido/index.htm.

The 2008 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises executive directors, namely, Mr. Fung Wa Ko and Mr. Tang Tsz Man, Philip and independent non-executive directors, namely, Mr. Leung Chi Hung, Mr. Leung, Tsz Fung David Ferreira and Mr. Tse Yuen Ming.

By order of the Board of
Daido Group Limited
Fung Wa Ko
Chairman

Hong Kong, 14th April, 2009